



**Country: BRAZIL**

## **Title: Overview of Brazil Information Technology Market**

**Patricia Marega**  
**November / 2008**

### **Market Overview**

The global Information Technology (IT) market reached 1.3 trillion Dollars in 2007. In Brazil, the scenario has been positive. Some of the factors that support the growth of the IT industry in Brazil are a stable economy, strong local currency and availability of loans. In 2007, Brazil invested US\$ 24 billion in information technology, which counts for almost 2% of Brazil's GDP. Of this amount, US\$ 12.5bi was invested in computer hardware, US\$ 8.5bi in IT Services and US\$ 3bi in computer software.

For 2008, projections remained positive. Investments in 2008 are expected to reach US\$ 26.8 billion, an increase of 11% compared to the previous year.

According to IDC – International Data Corporation – the government is the second largest market in size and investments in information technology. IDC estimates that the global market will spend US\$ 161 billion in 2008 and will continue to invest an estimated 6.6% per year until 2011.

These figures provide a very positive scenario for Brazil. Among all BRIC countries (Brazil, Russia, India, and China), Brazil positions itself in second place only behind China in terms of investments in information technology, says IDC. It is also estimated that investments in IT in Brazil will be three times larger than the country's GDP growth (estimated by federal government at a 3.8% for 2008).

### **Investment in Computer Software, Hardware and Service**

Today, large corporations count for the majority of IT investments in Brazil. IDC projects that in the next five years, there will be a diversification of the size of the companies investing in IT and a good percentage of small and medium size companies will participate more. According to IDC, 33% of IT investments in Brazil will come from corporations with over 500 employees. Small and medium size companies correspond to 13% of the total invested in country.

Another very important aspect that should be considered is that consumers/end-users is getting access to technology. Brazil is a market leader in regards to domestic consumption growth in technology. In the last two years, the market felt a surge in sales of personal computers/laptops and printers. Retailers are considered today the best channel for this niche market as well as a facilitator of digital inclusion. Brazil counts today will 9% - 8.1 million users – with access to broadband internet access. This index in USA represents only six percent. By 2012, it is estimated that 8% of Latin America population will have access to broadband connection.

The projection of investment to be made in Brazil shows that in 2008, 11% will be invested in the Northeast region. The Southeast region will remain with the largest market share, almost half of what is invested in the country, which represents US\$10.3 billion. Southern and center-west regions of Brazil will follow the growth path.

The positive results of investment in information technology in Brazil reflect directly in the level of local companies using such technology. Ninety-five percent of companies with over ten employees have computers, and 92% of them have some kind of access to internet connection. 100% of the companies with over 50 employees have access to computers.

In 2007, the number of companies using wireless technology grew 64%. At the same time, companies using wired technology reduced from 87% to 77%. The research prepared by CGI – Comitê Gestor da Internet no Brasil – demonstrates that the larger the company the more diversified ways to implement some kind of internet connection.

The financial segment in Brazil has proven to be one of the largest investors in information technology and a world-class in sophistication and automation of IT processes, especially if considering initiatives like “internet banking”, ATM installation and SPB – Sistema de Pagamento Brasileiro (payment of utilities monthly bill via mobile/internet/authorized venues).

According to the Brazilian Association of Credit Card Companies, the number of credit cards reached 90 million, an 18% growth. At the same time, transactions using credit cards grew 19% reaching US\$ 91.5 billion. The number of “ATMs-full” (full-service self-service terminals) that provide all sorts of banking transactions grew 14% in 2007. According to Febraban – Brazilian Federation of Banks, if we consider the total amount of self-service equipment in operation in Brazil, this number would be superior to 170 thousand terminals, which would be considered one of the largest in the world. A study prepared by Febraban shows that in 2007, Brazilian financial institutions invested R\$ 3 billion (US\$ 1.5 billion at R\$2.00 exchange rate) in IT, a 16% increase compared to 2006.

## Sales of PCs

Based on a research prepared by IDC, Brazil is considered the 5<sup>th</sup> largest PC (personal computer) markets in the world, which represents 47.3% of the Latin America market. In 2007 there were 10.7 million computers sold in Brazil following the USA (64 million), China (36 million), Japan (13 million and United Kingdom (11.2 million). It is expected that Brazil will reach third place in this ranking by 2010.

Sales of 10.7 million units of PCs in Brazil in 2007 – between desktops and laptops – represent a growth of 38% compared to 2006. Laptops alone presented an extraordinary growth of 153% in 2007, reaching a total of 1.5 million units sold.

## The “gray market”

According to IDC, the sales growth demonstrated in Brazil in the last few years follow a worldwide trend of legal products. The so-called “gray market” reduced from 50.8% to 46.4% in 2007. This figure was not smaller due to the increase of notebook sales, some of which were considered “counterfeited”.

The computer software segment is also affected by the illegal market. According to BSA – Business Software Alliance, there was a one-percent reduction in the software piracy index in Brazil, reaching 59% (US\$ 1.617bi). From the 108 countries that were part of this study, the usage of pirate software was reduced in 64 and increased in 11 countries. The result is considered positive for Brazil as the country was able to reduce this figure for two consecutive years, reducing 5% in total.

A recent study shows that a 10% reduction in pirated software in Brazil could generate a stronger IT market reaching 11.5 thousand new jobs, US\$2.9 bi in revenues for the local industry and an additional US\$ 389 million in taxes.

## Trade Show

**Interop São Paulo** – September 2-3, 2009 at Transamerica Convention Center

Interop Sao Paulo brings the leading global business technology event to South America, during the 2nd and 3rd of September 2009. Interop São Paulo will focus exclusively on the needs of the growing Brazilian business technology industry and will provide the efficient and effective platform for builders, buyers and sellers of IT products and services in order to facilitate business expansion in Brazil.

Interop São Paulo follows the successful momentum of Interop events in Las Vegas, New York, Berlin, Moscow and Tokyo. In addition, Brazil accounts for approximately 45% of the Latin American IT market and continues to drive much of the forecast growth in that region, according to IDC data.

## Trade Associations

Abinee – Electric-Electronics Industry Association

<http://www.abinee.org.br>

ABRAT – Brazilian Association of Information Technology Companies

<http://www.abrat.com.br>

ABES – Brazilian Association of Software Companies

<http://www.abes.org.br>

Sucesu – National Association of Informatics and Telecom Users

<http://www.sucesu.org.br>

**Source: Anuária Brasileiro de Serviços e Infra-Estrutura de TI/2008**

An industry that is fast a global player merits your attention. A great opportunity to consolidate your corporate image, expand your market penetration and reap the profits of an expanding market in a reviving economy.

The Commercial Service recognizes that exporting is a critical part of a company's growth. We assist US firms in realizing their export potential by providing counseling, overseas market information, international contacts, and trade promotion vehicles. Our goal is to champion the interests of the US business, particularly small and medium-sized enterprises, around the world.

If you are interested in additional information please contact Information Technology Specialist, Patricia Marega ([patricia.Marega@mail.doc.gov](mailto:patricia.Marega@mail.doc.gov)), Tel: (11) 5186-7482, Fax: (11) 5186-7246 or visit our website: [www.buyusa.gov/brazil](http://www.buyusa.gov/brazil). For a good overview of exporting to Brazil, please see our Country Commercial Guide to Brazil: [www.focusbrazil.org.br/ccg](http://www.focusbrazil.org.br/ccg)

Brazil has a large and diversified economy that offers US companies many opportunities to export their goods and services. As Brazil's largest single trading partner, the US enjoys a strong reputation in a variety of sectors. This report is one of a series published by the US Commercial Service's team of sector experts throughout the year. If you do not see an opportunity for your product here, please check out our other reports at [www.buyusa.gov/brazil](http://www.buyusa.gov/brazil) or consider contacting us directly to find out if we can help you export to Brazil.

The first step for many US companies is to visit our Country Commercial Guide at: <http://www.focusbrazil.org.br/ccg/>. In it you will find a good overview of business conditions and issues to consider when doing business in Brazil. We also recommend a quick look at the Industry Highlights/ICT Information, Communication Technology.

### The U.S. Commercial Service — Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov/>.

**Disclaimer:** The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.

International copyright, U.S. Department of Commerce, 2006. All rights reserved outside of the United States.